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SERVICE DATE - MARCH 19, 2004

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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34475]

Watco Companies, Inc.—Continuance in Control Exemption—Great Northwest Railroad, Inc.

Watco Companies, Inc. (Watco), a noncarrier, has filed a verified notice of exemption to continue in control of Great Northwest Railroad, Inc. (GNR), upon GNR's becoming a Class III rail carrier.

The transaction was scheduled to be consummated on or shortly after February 27, 2004, the effective date of the exemption.

The transaction is related to STB Finance Docket No. 34474, Great Northwest Railroad, Inc.—Acquisition and Operation Exemption—Camas Prairie RailNet, Inc., wherein:

(1) GNR seeks to acquire from Camas Prairie RailNet, Inc. (CPR) and operate approximately 179 miles of rail line located in the States of Idaho and Washington, and (2) GNR will acquire by assignment from CPR incidental overhead trackage rights over a 15.1-mile rail line in Washington owned by the Union Pacific Railroad Company (UP), for the purpose of interchanging traffic with UP and The Burlington Northern and Santa Fe Railway Company (BNSF).

Watco owns 100 percent of the issued and outstanding stock of GNR, and controls through stock ownership and management seven other Class III rail carriers: South Kansas and

Oklahoma Railroad Company (SKO), Palouse River & Coulee City Railroad, Inc. (PRCC), Timber Rock Railroad, Inc. (TIBR), Stillwater Central Railroad (SLWC), Eastern Idaho Railroad, Inc. (EIRR), Kansas & Oklahoma Railroad, Inc. (K&O), and Pennsylvania Southwestern Railroad, Inc (PSWR).¹

As pertinent here, EIRR's lines are located in the eastern and mid-southern parts of Idaho, and are a substantial distance from the lines being acquired by GNR. PRCC's Idaho line extends westward from Potlatch, ID, approximately 50 miles north of the line being acquired by GNR. PRCC owns and operates several branch lines north of Hooper, WA, and east of Wallula, WA, and has operating rights over UP's rail line² between Attalia, WA, and Hooper, which traverses Ayer, WA. The line being acquired by GNR extends eastward from Riparia, WA, to Lewiston, ID, and the incidental overhead trackage rights being acquired by GNR are over the UP line located between Riparia and Ayer.³

Watco states that: (i) the rail lines of GNR will not connect with any of the lines of the railroads under its control or within its corporate family, (ii) the transaction is not a part of a

¹ SKO's lines are located in Missouri, Kansas, and Oklahoma; PRCC's lines are located in Washington, Oregon, and Idaho; TIBR's lines are located in Texas and Louisiana; SLWC's lines are located in Oklahoma; EIRR's lines are located in Idaho; K&O's lines are located in Kansas and Colorado; and PSWR's line is located in Pennsylvania.

² Those rights, however, are limited to overhead movements of grain and do not permit the interchange of traffic along the route.

³ Those trackage rights, however, are limited to traffic being interchanged by GNR with either UP or BNSF and, thus, preclude any direct interchange of traffic between GNR and PRCC.

series of anticipated transactions that would connect GNR with any other railroad in its corporate family, and (iii) the transaction does not involve a Class I railroad. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction.

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34475, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on: Karl Morell, Suite 225, 1455 F Street, N.W., Washington, DC 20005.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

Decided: March 10, 2004.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary